

To the Members of the California State Senate:

I am returning Senate Bill 1353 without my signature. I am concerned that it may unintentionally result in tens of millions in fraudulent claims by interfering with Medi-Cal fraud activities designed to protect program integrity. These efforts include in-depth background checks and pre-enrollment inspections. As demonstrated by the recent Medi-Cal Payment Error Study, which found that 8.4 percent of dollars paid by Medi-Cal (\$1.4 billion) contained errors, including fraud, we must continue to be vigilant in our efforts. I share the author's interest in getting Medi-Cal providers enrolled faster to provide greater access to care. The majority of providers applying for enrollment are approved expeditiously within 30 days. However, roughly 700 applications per year require increased scrutiny and results have shown that 64 percent of those applications result in recommendations for denial or additional action.

A key goal of Senate Bill 1353, is to expedite re-enrollment of providers moving within a county. This issue has been largely addressed administratively by improvements in the provider enrollment process and allowing providers moving to a new location to continue to bill Medi-Cal while their application is being processed.

Additionally, by streamlining enrollment of providers belonging to a physician group, restructuring its paper processing, and improving staff training and oversight, the Department of Health Services has improved Medi-Cal provider enrollment and significantly reduced processing time. The Department of Health Services will continue to improve the provider enrollment system, while balancing the need to retain key tools to fight fraud and abuse.

Sincerely,

Arnold Schwarzenegger